

Message Text

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47

ACTION NEA-10

INFO OCT-01 EUR-12 EA-10 ISO-00 TRSE-00 AID-05 CIAE-00

COME-00 EB-07 FRB-01 INR-07 NSAE-00 USIA-15 XMB-04

OPIC-06 SP-02 CIEP-02 LAB-04 SIL-01 OMB-01 L-03

NSC-05 SS-15 STR-04 CEA-01 SAM-01 /117 W

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R 141035Z JUN 75

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 3173

INFO AMEMBASSY ABU DHABI

AMEMBASSY BEIRUT

AMEMBASSY BONN

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY TEHRAN

AMEMBASSY TOKYO

USMISSION OECD PARIS

USMISSION EC BRUSSELS

UNCLAS KUWAIT 2501

DEPARTMENT PASS TREASURY

E.O. 11652: NA

TAGS: EFIN. KU

SUBJ: KUWAIT UNDERWRITING AND INVESTMENT COMPANY NOTES

REF: KUWAIT 1899

1. KUWAIT BASED INVESTMENT COMPANIES CONTINUED TO BE UNUSUALLY
ACTIVE AS UNDERWRITES OF EUROBONDS ISSUES IN MAY. KUWAITI
INSTITUTIONS PARTICIPATED IN A RECORD TOTAL OF SEVENTEEN
ISSUES DURING THE MONTH. THE MOST ACTIVE LOCAL COMPANY WAS
KUWAIT INVESTMENT COMPANY WHICH PARTICIPATED IN ALL BUT ONE
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ISSUE AND WHICH PARTICIPATED AS A MANAGER IN THREE ISSUES,

INCLUDING TWO FOR JAPANESE COMPANIES. IN ALL, FOUR OF THE ISSUES WERE MANAGED IN PART BY KUWAIT INSTITUTIONS, THREE LESS THAN IN APRIL. NO KUWAIT DINAR DENOMINATED ISSUES WERE ANNOUNCED IN MAY.

2. IN OTHER DEVELOPEMENTS WE LEARNED THAT THE KUWAIT CENTRAL BANK IN AGREEMENT WITH THE MINISTRY OF COMMERCE AND INDUSTRY WILL HAVE REGULATORY RESPONSIBILITIES OVER LOCALLY BASED INVESTMENT COMPANIES EVEN THOUGH, STRICTLY SPEAKING, THEY ARE NOT BANKS. PRESENTLY THE CENTRAL BANK IS STUDYING THE INVESTMENT COMPANIES PREPARATORY TO ISSUING SPECIFIC GUIDELINES. THERE ARE ABOUT A DOZEN NON-BANK FINANCIAL INSTITUTIONS BASED HERE, AND AS A GROUP ARE BECOMING INCREASING SIGNIFICANT EVEN THOUGH THEIR COMBINED ASSETS ARE NOT AS LARGE AS THOSE OF THE FIVE COMMERICAL BANKS WHOSE TOTAL ASSETS ARE WELL OVER \$2 BILLION.

2. ANOTHER DEVELOPEMENT WHICH HAS BEEN NOTED IN THE INTERNATIONAL BUSINESSPRESS HAS BEEN THE ANNOUNCEMENT OF THE KUWAIT PACIFIC FINANCE COMPANY, THIRTY-FIVE PERCENT OF WHICH IS OWNED BY KIC AND THE REST BY JAPANESE, AUSTRALIAN, CANADIAN AND BRAZILIAN INTERESTS. THIS INSTITUTIONS WILL INVEST IN THE PACIFIC BASIN, AND IS THE LATEST IN WHAT NOW IS A WORLD-WIDE NETWORK OF KUWAITI-FOREIGN INVESTMENT JOINT VENTURES. OTHER SIMILAR INSTITUTIONS EXIST OR ARE BEING FORMED IN BRAZIL, THE US, AND SEVERAL AFRICAN, EUROPE, AND MIDDLE EASTERN COUNTRIES.

4. ALSO OF POSSIBLE INTEREST HAS BEEN THE MOVEMENT OF OFFICERS AMONG KUWAITI COMPANIES. RICHARD WILLIAMSON HAS NOW LEFT KIC ALTHOUGH THE COMPANY HAS GAINED THE AGREEMENT OF CHEMICAL BANK TO EXTEND TOUR OF AMERICAN UNDERWRITING ADVISOR IT SUPPLIED. KUWAIT INTERNATIONAL INVESTMENT COMPANY INTENDS TO DISCONTINUE ITS FORMAL ADVISORY RELATIONSHIP WITH WHITE, WELD CREDIT SUISSE, ALTHOUGH GIOVANNI FRANZI, ORIGINALLY SENT BY WWCS WILL REMAIN HERE. MOVEMENT AMONG INVESTMENT OFFICERS FROM ONE COMPANY TO ANOTHER HAS BEGUN, AND KUWAIT FOREIGN TRADING, CONTRACTING AND INVESTMENT COMPANY REPORTEDLY LURED A PROJECT OFFICER AWAY FROM THE ARAB FUND FOR ECONOMIC AND SOCIAL DEVELOPMENT WITH A SALARY OF ABOUT \$100,000 PER YEAR. HOWEVER, THE SAUDIS ARE ALSO IN TOWN TRYING TO ATTRACT INVESTMENT

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COMPANY AND OTHER QUALIFIED PERSONNEL AWAY FROM KUWAIT ALTOGETHER.

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